

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 IO-13 SSM-03 /072 W
-----261748Z 052034 /56

R 251615Z MAY 77
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 6325
INFO AMEMBASSY AMMAN
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMCONSUL JERUSALEM

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E.O. 11652: N/A
TAGS: PINT, PGOV, IS
SUBJECT: MEETING WITH LIBERAL MK FLOMIN

1. POLITICAL OFFICER MET MAY 24 WITH YEHEZKEL FLOMIN, THE LIKUD'S LEADING ECONOMIST IN THE KNESSET. FLOMIN CONFIRMED THE SURPRISED REACTION OF HIS PARTY TO THE LIKUD'S VICTORY. HE HIMSELF HAS BEEN OFFERED THE CHOICE OF BEING DEPUTY MINISTER OF FINANCE OR CHAIRMAN OF THE KNESSET FINANCE COMMITTEE. IT IS A DIFFICULT DECISION FOR HIM TO MAKE SINCE ACCEPTANCE OF THE MINISTERIAL POSITION WOULD REQUIRE GIVING UP HIS CPA PRACTICE, WHICH HE THOROUGHLY ENJOYS.

2. ASKED ABOUT THE LIKUD'S INVITATION TO NOBEL PRIZE WINNER SAMUEL FRIEDMAN TO ADVISE ON ISRAEL'S ECONOMY, FLOMIN SAID THAT THE INVITATION ORIGINATED WITH LIKUD PARTY HEAD SIMCHA EHRLICH, WHO IS SLATED TO BE FINANCE MINISTER. AWARE THAT FRIEDMAN'S PHILOSOPHY REPRESENTS EXTREME LAISSEZ FAIRE, FLOMIN SAID HE

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WAS CHOSEN SO AS TO INVEST THE LIKUD'S IDEA FOR LIBERALIZING ISRAEL'S ECONOMY WITH THE PRESTIGE OF FRIEDMAN'S NAME. "WE HAD TO PICK SOMEONE WHO REPRESENTS A 180 DEGREE TURN-ABOUT FROM ISRAEL'S PRESENT COURSE IN THE HOPE THAT WE WILL EVENTUALLY END UP SOMEWHERE IN BETWEEN."

3. FLOMIN SPOKE OF THE UNANIMOUS DESIRE WITHIN THE LIKUD TO BRING THE DMC INTO A COALITION AND NOTED THAT LIKUD-DMC TALKS WERE UNDERWAY DESPITE BEGIN'S HOSPITALIZATION. HOWEVER, HE DID NOT THINK A DECISION WOULD BE REACHED BEFORE THE JUNE 21 HISTADRUT ELECTION. THE DMC WANTS TO RUN INDEPENDENTLY IN THE HISTADRUT POLL IN ORDER TO STRENGTHEN ITS BARGAINING POSITION IN THE COALITION DISCUSSIONS. HE SAID THAT IN OR OUT OF THE HOSPITAL BEGIN WILL BE KEPT FULLY INFORMED OF THE PROGRESS OF THE NEGOTIATIONS. BECAUSE OF BEGIN'S ACTIVE PERSONALITY, THE DOCTORS HAD EARLIER RECOMMENDED AS GOOD THERAPY KEEPING HIM IN THE PICTURE OF PARTY ACTIVITY.

4. FLOMIN SAID THAT SOME LIKUDNIKS REGARD BEGIN AS A BIT TOO "SOFT" IN NEGOTIATIONS. HE HAS A TENDENCY TO WANT TO PLEASE PEOPLE AND CONSEQUENTLY CONCEDES TOO MUCH. FOR EXAMPLE, HE WAS PREPARED TO GIVE HILLEL SIEDEL, WHO LAST WINTER DEFECTED FROM THE ILP TO JOIN THE LIKUD, A POSITION AMONG THE TOP TEN IN THE LIKUD KNESSET LIST AND HAD TO BE OVER- RULED BY THE PARTY'S EXECUTIVE. SIMILARLY, HE HAD GIVEN IN TO ARIK SHARON'S CONDITIONS FOR RETURNING TO THE LIKUD, A MOVE THAT WAS DISAVOWED BY EHRLICH AT THE LAST MOMENT.

5. FLOMIN DID NOT THINK THAT SHARON'S INCLUSION IN THE COALITION WOULD POSE A PROBLEM DESPITE HIS LIMITED OFFICIAL USE

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KNOWN WISH TO BE DEFENSE MINISTER--A POST ALREADY RESERVED FOR EZER WEIZMAN. NOR COULD SHARON BE APPOINTED CHIEF OF STAFF SINCE THE LIKUD DOES NOT WANT TO POLITICIZE THAT POSITION. FLOMIN SAID THAT FORMATION OF A NATIONAL SECURITY COUNCIL WAS UNDER CONSIDERATION AND, IF APPROVED, SHARON WOULD BE PUT IN CHARGE.

6. DISCUSSING A POSSIBLE SUCCESSOR TO BEGIN, FLOMIN SAW WEIZMAN AS THE ONLY ALTERNATIVE. HE DESCRIBED HIS BOSS, EHRLICH, AS A MAN WITHOUT AMBITION. HE HAS NO DESIRE TO BE PRIME MINISTER AND REQUESTED THE FINANCE PORTFOLIO BECAUSE HE FELT THAT IT WAS EXPECTED OF HIM. FLOMIN COULD FORESEE EHRLICH YIELDING THAT POSITION TO MEIR AMIT, FOR EXAMPLE, IF THE DMC PRESSED HARD IN COALITION NEGOTIATIONS.

7. HE WAS QUITE CERTAIN THAT THE EDUCATION MINISTRY WOULD GO TO ZE'EV HAMMER. ALTHOUGH

MANY ISRAELI SECULARISTS HAVE ADAMANTLY OPPOSED HAVING THE RELIGIOUS PARTIES CONTROL EDUCATION, FROM HIS OWN SOUNDINGS FLOMIN IS CONVINCED THAT EVEN NON-RELIGIOUS ISRAELIS REGARD HAMMER AS A GOOD CHOICE TO HEAD THE EDUCATION MINISTRY IF IT MUST GO TO THE NRP. HAMMER IS HIGHLY REGARDED BY MOST ISRAELIS AS A MAN OF HIGH MORAL PRINCIPLES WHO CAN SET AN EXCELLENT EXAMPLE FOR ISRAEL'S YOUTH. FLOMIN WAS SURPRISED TO FIND THAT A LARGE NUMBER OF SECULAR ISRAELIS HAD VOTED FOR THE NRP ON THE MORAL ISSUES AND AS A REACTION TO THE CORRUPTION IN THE ALIGNMENT.

8. FLOMIN THOUGHT IT UNLIKELY THAT THE AGUDAH PARTIES WOULD INSIST ON A MINISTRY. THEY WOULD BE CONTENT TO BACK THE COALITION WITHOUT PLAYING AN ACTIVE ROLE IN GOVERNING. THE TWO ULTRA-ORTHODOX LIMITED OFFICIAL USE

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PARTIES RECOGNIZE THE DIFFICULTY OF THEIR OPERATING A MINISTRY (EXCEPT PERHAPS THE MINISTRY OF RELIGIOUS AFFAIRS) BECAUSE ALL MAJOR DECISIONS WOULD HAVE TO BE REFERRED TO THEIR RABBINICAL TORAH COUNCIL. FLOMIN THOUGHT THE TWO PARTIES WOULD BE SATISFIED TO BE "SILENT PARTNERS" IN THE COALITION.

9. ASKED ABOUT THE POSSIBLE PARTICIPATION OF SAMUEL FLATTO-SHARON, FLOMIN STATED THAT THIS QUESTION HAD BEEN BADLY HANDLED. WHILE VOTES WERE STILL COMING IN, EHRLICH HAD INDICATED THAT FLATTO-SHARON WOULD BE BROUGHT INTO THE COALITION; WHEREAS A LITTLE LATER BEGIN FLATLY REJECTED ANY INVITATION TO FLATTO-SHARON. IN FACT, A LIKUD GOVERNMENT WOULD PROBABLY BE ABLE TO COUNT ON HIS VOTE BUT WOULD NOT GIVE HIM THE RESPECTABILITY OF BEING IN THE GOVERNMENT. LEWIS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PARTY LEADERS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 25-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TELAV03702
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770188-0891
Format: TEL
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770517/aaaaaopg.tel
Line Count: 158
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8aadb89-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2364860
Secure: OPEN
Status: NATIVE
Subject: MEETING WITH LIBERAL MK FLOMIN
TAGS: PINT, PGOV, IS, LIKUD, (FLOMIN, YEHEZKEL)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/8aadb89-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009